Statement-II

Measures taken to increase the flow of Credit to SSI Sector

1. Banks to provide working capital to SSI sector on the basis of minimum of 20% of projected turnover. The upper ceilings were gradually enhanced from Rs. 2 crore to Rs, 4 crore in Union Budget 1998-99 and from Rs. 4 crore to Rs 5 crore (Union Budget 1999-2000).

2. Raising of the Composite loan limit from Rs. 10 lakhs to Rs. 25 lakhs.

3. Raising the limit of Projects to Rs. 50 lakhs for providing assistance under National Equity Fund Scheme.

4. Increase in the borrowal limit for collateral free loan to tiny sector from Rs. 1 lakh to Rs. 5 lakhs. The RBI in its Credit Policy 2002-03 has announced that the banks may on the basis of good track record of units, and their financial position, further increase the limit of dispensing with collateral requirement for loans from Rs. 5 lakhs to Rs. 15 lakhs.

5. Launching of Credit Guarantee Fund Scheme for Small Industries to cover collateral-free and third party guarantee free loans of commercial banks to SSI sector including IT and software sector, upto a limit of Rs. 10 lakhs (since enhanced to Rs. 25 lakh). A separate Trust *viz.*,Credit Guarantee Fund Trust for Small Industries have been jointly set up by SIDBI and Government of India for the purpose and the Scheme is already operational since August 2000.

6. Introduction of Credit Linked Capital Subsidy Scheme for Technology Upgradation of SSIs (CLCSS) in the select products/sub-sectors.

7. The individual credit limit to artisans, village and cottage industries for reckoning under advance to weaker sections is increased from Rs. 25,000/- to Rs. 50,000/-.

8. Earmarking of 30% of the investment under NEF for the tiny sector.

Loans for unemployed graduates in Uttaranchal

4117. SHRI HARISH RAWAT : Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state :

(a) whether Government are aware of the problems faced by the unemployed graduates in getting loans from the banks in Uttaranchal;

(b) if so, whether Government propose to relax such rules for the unemployed from backward and snow bound areas and other weaker sections in the State as special case; and

(c) if so, the details thereof and if not, the reasons therefor ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL) : (a) State Bank of India (SBI), the Convenor of State Level Bankers Committee (SLBC) for the State of Uttaranchal has reported that no instance of any specific problems faced by the unemployed graduates in getting loans from the banks in Uttaranchal has come to their notice.

(b) and (c) Government of India have launched a subsidy linked scheme on 2-10-1993 *viz.* the Prime Minister's Rozgar Yojana (PMRY) for creating self employment opportunities for the educated unemployed youth including graduates, by setting up micro enterprises in business, industry and service sector. The objective of the scheme is to provide self-employment opportunities to educated unemployed youth. In order to mitigate the problems being faced by the borrowers and also to expand the coverage and scope of the scheme some amendments have been made with effect from 22-1-1999. The major amendments are :

(i) **Age :** The maximum age limit raised from 35 to 45 years for SC/ST, Ex-servicemen/physically handicapped & women candidates.

(ii) **Educational Qualifications :** Relaxed from Matric/ITI to class VIII passed.

(iii) **Activities covered :** The range of activities covered has been expanded to include agriculture and allied activities but excluding direct agricultural operations like raising crop, purchase of manure etc.

(iv) **Family Income :** The eligibility limit has been increased from Rs. 24,000/- to Rs. 40,000/- per annum.

These parameters/guidelines for PMRY have been further relaxed in case of North Eastern States.

(i) **Age Limit :** Raised from 35 years to 40 years for General Candidates plus 10 years for SC/ST and Women candidates.

(ii) **Subsidy :** @ 15%, Maximum subsidy increased from Rs. 7,500/- to Rs. 15000/-.

(iii) **Margin Money :** From 5% to 12.5% of the project cost (against fixed 5% earlier) so as to make the subsidy and margin contribution at 20% of the project cost.

(iv) **Swarnjayanti Gram Swarozgar Yojana :** (SGSY) scheme is a major poverty linked credit programme for the needs of the Below Poverty Line (BPL) borrower and aims at establishing a large number of micro enterprises in the rural areas of the country. The objective of the SGSY is to bring the assisted poor families (Swarozgaries) above the poverty line by ensuring sustained level of income over a period of time. This objective is to be achieved by *inter-alia,* organizing rural poor into Self Help Groups (SHGs) through the process of social mobilization, training, capacity building and provision of income generating assets.

(v) **Eligibility :** Rural poor such as the landless labour, small and marginal farmers, those with marginal land, rural artisans and educated unemployed enlisted in the BPL list up to an age limit of 60 years.

(vi) **Reservation :** 50% for SC/ST, 40% for women and 3% for handicapped, 50% of Self-Help Groups (SHGs). Under the scheme, generally a Self Help Group consists of 10—20 persons. However, a relaxation in these criteria has been allowed by RBI that in difficult areas like deserts, hills and areas with scattered and sparse population the number of persons in the group may vary from 5—20. Generally all members of the group should belong to families below the poverty line (BPL). Further, relaxation provided that, if necessary, a maximum of 20% and in exceptional cases, where essentially required, upto a maximum of 30% of the members in a group may be taken from families marginally above the poverty line living continuously with BPL families and if they are acceptable to the BPL members of the group.

Financial aid to Uttaranchal and Himachal Pradesh

†4118. SHRI HARISH RAWAT : Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state :

(a) the financial aid provided by Government to Uttaranchal and Himachal Pradesh respectively during last year;

(b) whether Government have made an assessment from different points of view while providing financial aid to both States whereas geographic situation of both is same being hilly States; and

(c) whether Government will provide financial aid to Uttaranchal equal to that of Himachal Pradesh?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL) : (a) Financial aid is provided to States as Non-Plan Grants on the basis of recommendations of the Finance Commission and as Central Assistance under the Scheme of financing

†Original notice of the question was received in Hindi.